

PREPARED BY: Sandy Sostad
 DATE PREPARED: May 20, 2013
 PHONE: 471-0054

LB 568

Revision: 01

Revised on 5/20/13 to reflect amendments adopted through 5/16/13.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$64,455	Unknown	\$63,434	Unknown
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$64,455		\$63,434	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 568 requires the licensure of insurance navigators by the Department of Insurance (DOI). Persons applying for an initial navigator's license must pass a written examination and those renewing a license must complete continuing education prescribed by the DOI. A license fee of up to \$50 is to be established by DOI. The license is valid for two years. Entities acting as navigators, supervising individual navigators or receiving funding for such activities are required to obtain a navigator entity license for an initial and renewal fee of up to \$100. DOI may place licensees on probation, suspend, revoke, or refuse to issue, renew or reinstate navigator licenses or may levy a fine of up to \$1,000 for a violation of the act.

The number of navigators licensed pursuant to the bill is unknown. This will make it hard for DOI to set an initial license fee. The department intends to establish a licensing fee which will offset the cost of regulating navigators and navigator entities. DOI projects a need for an additional complaint investigator in the consumer affairs division of the department to respond to complaints against licensees. The estimated cost for an additional employee is \$64,455 of cash funds in FY14 and \$63,434 of cash funds in FY15.

The department indicates that testing of applicants for navigator licenses and continuing education for navigators will be provided by vendors rather than the department as is the case with other insurance licensees. The cost of these activities will be borne by the individual licensee.

Any fines administered pursuant to the bill for violations by navigators will accrue to the Permanent School Fund. The interest from the fund is distributed annually to public schools.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: LB568	AM: 812	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Gary Bush		DATE: April 2, 2013	PHONE: 471-4161
COMMENTS: Agree with the Dept. of Insurance estimate of impact.			

Please complete ALL (5) blanks in the first three lines.

2013

**LB⁽¹⁾ 568
AM 812** **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

Prepared by: ⁽³⁾ Eric Dunning Date Prepared: ⁽⁴⁾ 3-28-13 Phone: ⁽⁵⁾ 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>64,455</u>	<u>Indeterminate</u>	<u>63,434</u>	<u>Indeterminate</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>64,455</u>	<u>Indeterminate</u>	<u>63,434</u>	<u>Indeterminate</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

AM 812 to LB 568 creates fiscal impact to the Department, for both expenditures and revenues. The bill requires the Department to license Navigators and similar functions related to the operation of the federal health insurance exchange created by the federal Affordable Care Act. The Department would be given the authority to impose a licensing fee, which it would use to offset the cost of regulation of licensees once a license has been granted. The fee is limited to amounts specified under the Amendment. The Department believes that investigating complaints made against such licensees will require one position in its' Consumer Affairs Division.

The Department anticipates that testing and record keeping would be performed largely by third party vendors, who are paid directly by the licensee as is currently the case with insurance producer licenses.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Consumer Claims Affairs Investigator II	<u>1</u>	<u>1</u>	<u>42,470</u>	<u>43,320</u>
Benefits.....	_____	_____	<u>18,985</u>	<u>19,114</u>
Operating.....	_____	_____	<u>3,000</u>	<u>1,000</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>64,455</u>	<u>63,434</u>